

Dennis F. Dunne (admitted *pro hac vice*)  
Samuel A. Khalil (admitted *pro hac vice*)  
MILBANK LLP  
55 Hudson Yards  
New York, New York 10001-2163  
Telephone: (212) 530-5000  
Facsimile: (212) 530-5219

*and*

Gregory A. Bray (SBN 115367)  
Thomas R. Kreller (SBN 161922)  
MILBANK LLP  
2029 Century Park East, 33rd Floor  
Los Angeles, CA 90067  
Telephone: (424) 386-4000  
Facsimile: (213) 629-5063

*Counsel for the Official Committee  
of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

Case No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**STATEMENT OF THE OFFICIAL  
COMMITTEE OF UNSECURED  
CREDITORS REGARDING COMPASS  
LEXECON RETENTION APPLICATION**

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

*\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM).*

Date: May 9, 2019  
Time: 9:30 a.m. (Pacific Time)  
Place: United States Bankruptcy Court  
Courtroom 17, 16th Floor  
450 Golden Gate Avenue  
San Francisco, CA 94102

Re: Docket No. 1756

1           1.       As the Court is aware, on April 3, 2019, the Official Committee of Unsecured  
2       Creditors (the “Committee”) filed its *Application for Entry of an Order Pursuant to 11 U.S.C.*  
3       *§§ 328(a) and 1103 and Fed. R. Bankr. P. 2014(a) for Authorization to Retain and Employ FTI*  
4       *Consulting, Inc., as Financial Advisor Nunc Pro Tunc to February 12, 2019* (the “FTI  
5       Application”) [Docket No. 1212]. The FTI Application and its supporting papers disclosed that  
6       Compass Lexecon, LLC (“Compass”) is a wholly-owned subsidiary of FTI, but also described the  
7       corporate separateness of FTI and Compass and the ethical walls they have established and adhered  
8       to. In subsequent filings with the Court, the Committee, FTI and the Debtors all have asserted  
9       their shared belief that FTI’s mere ownership of Compass neither: (a) disqualifies FTI from  
10      employment by the Committee under Bankruptcy Code section 1103(b); nor (b) renders FTI to be  
11      not disinterested as that term is defined un Bankruptcy Code section 101(14). Since the filing of  
12      the FTI Application, nothing has occurred to change any of those facts.

15          2.       At the hearing on the FTI Application held on April 24, 2019, the Court requested  
16      that the Debtors file an application to employ Compass on an expedited basis, essentially so that  
17      the Court could consider the relationship between FTI and Compass from both sides at the same  
18      time – i.e., in connection with the Committee’s proposed employment of FTI and the Debtors’  
19      proposed employment of Compass. Accordingly, on April 29, 2019, the Debtors filed their  
20      *Application Pursuant to § 327(a) and Fed. R. Bankr. P. 2016(a) and 2016 for Authority to Retain*  
21      *and Employ Compass Lexecon, LLC as Economic Consultants to the Debtors Nunc Pro Tunc to*  
22      *Petition Date* (the “Compass Application”) [Docket No. 1756].

24          3.       In relevant part, the Compass Application reiterates the same disclosures as the FTI  
25      Application – that while Compass is a subsidiary of FTI, Compass is a separate legal entity that  
26      operates independently from FTI in all material respects and that FTI and Compass have  
27      established and adhere to ethical walls that prevent information flow between Compass and FTI  
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1 regarding their respective engagements relating to the Debtors. As the FTI Application does with  
2 respect to FTI, the Compass Application establishes that Compass is not disinterested as a result  
3 of its ownership by FTI (or otherwise).<sup>1</sup> For that reason, the Committee reiterates its request that  
4 the Court approve the Committee's retention of FTI and also supports the Debtors' retention of  
5 Compass.  
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8 Dated: May 6, 2019  
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10 **MILBANK LLP**

11 /s/ Thomas R. Kreller  
12 DENNIS F. DUNNE  
13 SAMUEL A. KHALIL  
14 GREGORY A. BRAY  
15 THOMAS R. KRELLER

16 *Counsel for the Official Committee of*  
17 *Unsecured Creditors*  
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25 <sup>1</sup> This continues to be true notwithstanding the Debtors' recent additional disclosure that  
26 Compass was engaged to perform the CPUC Consulting Services as set forth in the  
27 *Supplement to Debtors' Application Pursuant to 11 U.S.C. § 327(a) and Fed. R. Bankr. P.*  
28 *2014(a) and 2016 for Authority to Retain and Employ Compass Lexecon, LLC as Economic*  
*Consultants to the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 1842]. As  
with the Debtors, the Committee does not believe that Compass' disinterestedness is in any  
way affected by the nature of Compass' provision of the CPUC Consulting Services, nor  
does the Committee believe such retention affects FTI's disinterestedness.